

# FX Technicals

June 2, 2006 Vol. XLIV, Issue 43

**OVERVIEW:** The only true trend/setup picture on the grid for June is in Aussie. It remains trend up on the monthly chart, with supports at .9511 and .9404 for the month and potentially open-ended Q3 setup above .9565. The trigger for accelerated upside is getting above .9762. Both \$/JPY and \$/Swiss ended monthly downtrends in May, signaling modest upside corrections to developing Q3 resistance (bearish momentum) at 106.35/82JPY and 1.0715/85CH. Both are sell zones. Sterling and Euro have breakout-type setups outside 1.9655 to 1.9870/85 in Cable and 1.9430 to 1.9620/25 in Euro. Weekly trend leans bullish in each.



JPY/USD, Previous NY Close – 105.42  
Daily Resistance – 105.92; 106.86  
Daily Support – 105.13/01; 104.65/54

Monthly Resistance – 105.54/85; 106.35; 106.82; 112.14  
Monthly Support – 102.53/50; 100.22; 99.25/20

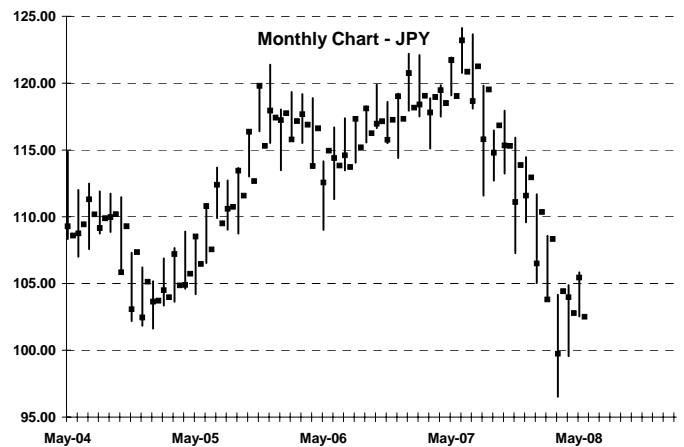
Projected Daily Range – 105.01 to 105.85

Projected Monthly Range – 102.50 to 106.35

**Monthly Outlook** – Neutral. Monthly trend turned from bearish to neutral in May, signaling a correction that likely targets the developing Q3 downtrend at 106.35. The overall June setup is neutral. A quartet of resistance lies at 105.54 (June), 105.85 (Q2), 106.35 and 106.82 (June), before upside jumps to 112.14. Supports are 102.53/50 and 100.22, with Q3 base at 99.20. Projecting a 106.35 to 102.50 monthly range. Will sell against 106.35/82. Weekly trend is going to stay neutral and is expected to range from 103.56 to 106.35/59 this week.

**Daily Comments** – Bullish to neutral. Daily momentum remains bullish to start the week, but with an overall neutral setup for Monday. Primary resistance is Q2/day zone at 105.85/92, then Q3 sell level at 106.35. Support is 105.13/01 daily trend and 104.65. Expecting a contained day from 105.13/01 to 105.85/92.

**Position Strategy:** Currently 50% short at 105.69 average. Will add to 75% short at 106.35; 100% short at 106.82. Stop on close above 106.82. Will cover at 102.54/50 this month. Day Trade: sell 105.85/92; buy 105.13/01.



CHF/USD, Previous NY Close - 1.0425  
Daily Resistance – 1.0435; 1.0465; 1.0525  
Daily Support – 1.0425; 1.0325/05

Monthly Resistance – 1.0540; 1.0715; 1.0785; 1.1340  
Monthly Support – 1.0250/35; .9985; .9900

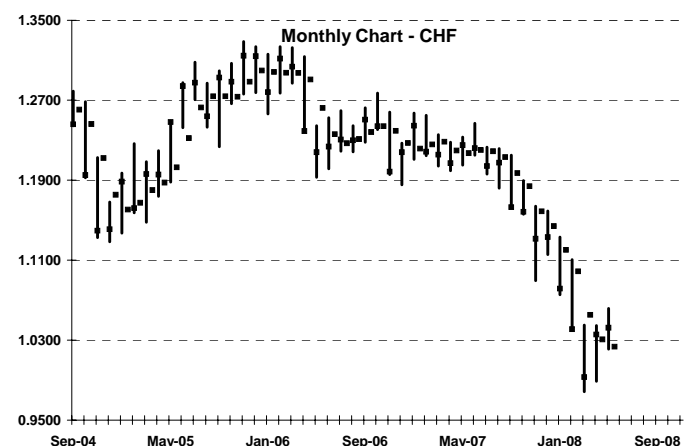
Projected Daily Range – 1.0325 to 1.0465

Projected Monthly Range - 1.0235 to 1.0715

**Monthly Outlook** – Neutral. Like \$/JPY, monthly trend turned from bearish to neutral signaling an upside correction expected to target developing Q3 downtrend at 1.0715. The overall June setup is neutral. Initial resistance is 1.0540, with jump to 1.0715 and 1.0785 above there. Supports are 1.0250/35 trend, then drop to .9985 and fixed Q3 support at .9900. Based on the trend shift, projecting a 1.0250/35 to 1.0715/85 month. Will sell 1.0715/85. Weekly trend can turn bearish with Friday settle under 1.0405, but has an overall neutral setup from 1.0250/25 to 1.0540/95 this week.

**Daily Comments** – Neutral. Daily trend starts Monday officially trend up, but with a neutral to negative setup. The initial focus is on daily trend at 1.0425/35. Under there is drop to 1.0325/05 and first weekly level at 1.0290. Resistance is 1.0465 and 1.0525/40. Expecting a 1.0325 to 1.0465 day range.

**Position Strategy:** Currently 25% long at 1.0215. Exit at 1.0525/40. On weakness, reset to 50% long at 1.0250/25 this week – stop on close under 1.0220. For June, wait to move 50% short at 1.0715; 100% short at 1.0785 – stop on close above.





**Pound**, Previous NY Close – 1.9800  
 Daily Resistance – 1.9850; 1.9950  
 Daily Support – 1.9720; 1.9690; 1.9540

Monthly Resistance – 1.9870; 2.0220; 2.0310  
 Monthly Support – 1.9760; 1.9120; 1.8930

**Projected Daily Range – 1.9720 to 1.9850**

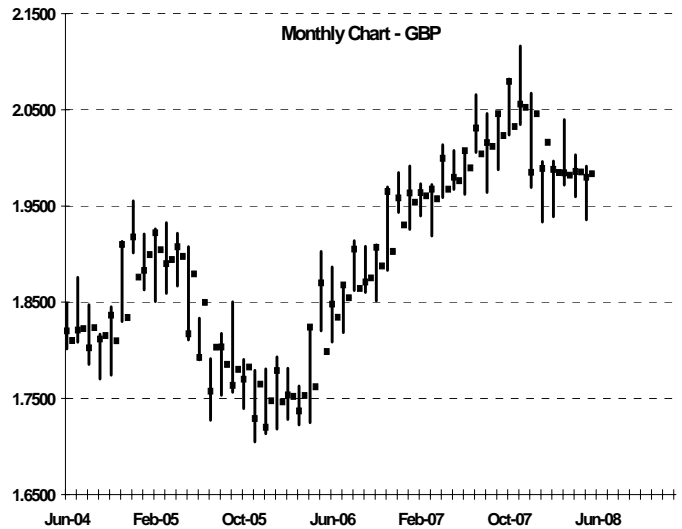
**Projected Monthly Range – 1.9660 to 2.0220**

**Monthly Outlook** – Neutral. Sterling has a difficult, breakout-type setup for June. The key boundaries are 1.9870 Q3 level above and 1.9760 below. Under there sees minimum intramonth drop to 1.9120, with yearly uptrend deeper at 1.8930. Conversely, above 1.9870 sees jump to 2.0220 and 2.0310. Note, however, that weekly trend leans bullish above 1.9660/50 to start the month. Based on that bullish weekly bias, projecting a 1.9660 to 2.0220 monthly range.

The weekly situation is neutral from 1.9660/50 trend to Q3/weekly breakout at 1.9870/85 – with extension risk outside either end.

**Daily Comments** – Neutral. Daily trend is neutral, with no clear lean either way Monday. Resistance is 1.9850 day level and the key June/weekly breakout at 1.9870/85. Supports are 1.9760, 1.9720 and 1.9690. Projecting a 1.9720 to 1.9850 day range.

**Position Strategy:** Currently 50% short at 1.9780. Stop and reverse 50% long on close above 1.9885 (limit on new longs is 1.9910). Cover existing short at 1.9660/55 this week. June Trade: go with action above 1.9870/85 or below 1.9660/55.



**European Currency Unit**, Previous NY Close – 1.5615  
 Daily Resistance – 1.5585; 1.5605; 1.5640  
 Daily Support – 1.5465; 1.5440; 1.5265

Monthly Resistance – 1.5620/25; 1.5960; 1.6125  
 Monthly Support – 1.5430; 1.5100/1.5065

**Projected Daily Range – 1.5465 to 1.5585**

**Projected Monthly Range – 1.5430 to 1.5960**

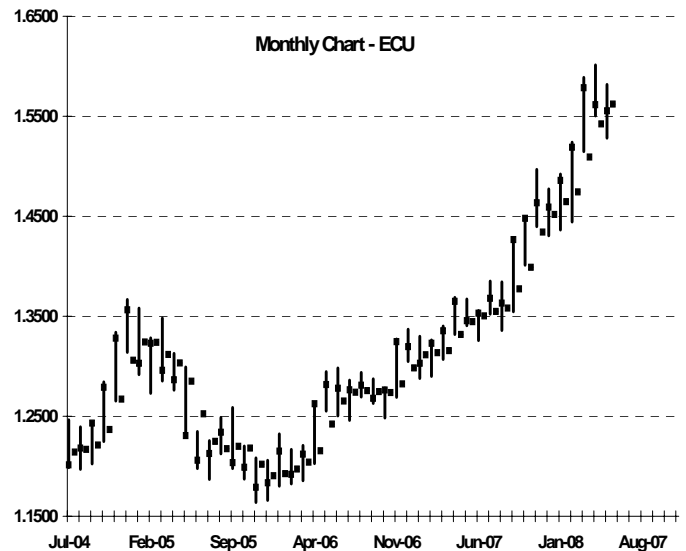
**Monthly Outlook** – Bullish to neutral. Like Cable, Euro is faced with a breakout-type setup for June. The initial breakout parameters are 1.5430 support and 1.5620/25 monthly trend. Above there turns bullish and projects to 1.5960 and 1.6125. Conversely, under 1.5430 sees minimum drop to developing Q3 uptrend/June extreme at 1.5100/1.5065. Weekly trend did manage to turn trend up last week.

Based on the background trend bias (monthly and weekly), projecting a 1.5430 to 1.5960 month. Early keys are 1.5430 vs 1.5620/25.

Weekly trend did turn (barely) bullish last week, but faces a neutral range setup from 1.5440/00 to 1.5750.

**Daily Comments** – Bearish to neutral. Despite Friday's late bounce, daily trend remains bearish with a neutral to negative setup. Resistance is 1.5585 trend, 1.5605 and key June zone at 1.5620/25. Supports are 1.5465 and combined weekly/daily/June zone at 1.5440/30. Projecting a 1.5585/1.5605 high and 1.5465 day low.

**Position Strategy:** Currently flat. Move 50% long at 1.5440/30 – stop on close under 1.5400 this week. For June, can go with action under 1.5440/00 (to 1.5120) or above 1.5620/25 (to 1.5960).





**CAD/USD**, Previous NY Close – .9935  
 Daily Resistance – .9943; 1.0021; 1.0118  
 Daily Support - .9918/07; .9843; .9821

Monthly Resistance – 1.0074; 1.0160/66; 1.0330  
 Monthly Support – .9912; .9700; .9647; .9412

**Projected Daily Range – 0.9914 to 1.0021**

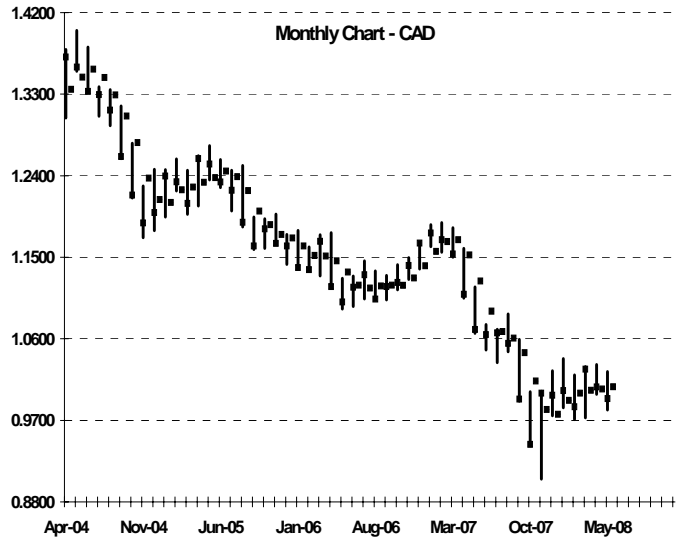
**Projected Monthly Range – 0.9700 to 1.0160**

**Monthly Outlook** – Neutral. Monthly trend stayed neutral in May, failing to turn bullish. The setup for June is neutral to bearish. Resistance is 1.0074, then the key monthly/Q3 sell zone at 1.0160/66, before jump to 1.0330. Initial support is .9912, with drop below there to Q2 target at .9700 and June level at .9647. Weekly trend remains negative to start the month. Projecting a 1.0160/66 to .9700/.9647 June range. Will sell 1.0160/66.

Weekly trend is still bearish under .9941/43, but with neutral setup from .9830 to 1.0062/74.

**Daily Comments** – Neutral. Daily trend remains neutral, with a tricky battle today between initial weekly levels at .9917/12 and .9943 trend. Above there sees intraday gap to 1.0021; below combined .9918/07 zone sees drop to .9843. Expecting a .9918/14 to 1.0021 day range.

**Position Strategy:** Currently 50% short at .9918 average after adding shorts at .9924 on Friday. Stop on close above .9944 today. The target is .9700 Q2 level. June trade: sell strength to 1.0160/66; cover shorts at .9700 to .9647 on weakness.



**Australian Dollar**, Previous NY Close – .9558  
 Daily Resistance - .9574/76; .9625/40  
 Daily Support - .9521; .9496; .9389

Monthly Resistance - .9594; .9762; 1.0265  
 Monthly Support - .9511; .9404; .9339; .9107

**Projected Daily Range - 0.9521 to 0.9576**

**Projected Monthly Range – 0.9404 to 0.9762**

**Monthly Outlook** – Bullish. Monthly trend remains bullish in Aussie, and the larger risk for the month is up. The main resistance is .9762, with gap thru there to 1.0265. Note the developing Q3 setup turns open-ended higher above .9565. Supports for the month are tiered at .9511, .9404 and bullish trend at .9339, before drop to Q3 trend at .9107. Projecting a by-the-book month from .9404 to .9762 – but with extension risk above .9762.

Weekly trend is bullish, but starts out with neutral setup from .9445 to .9617.

**Daily Comments** – Neutral. Daily trend leans bearish with settle under .9574/76 today, but is neutralized by the new weekly/June support at .9515/11. Day supports are also at .9521 and .9496, before drop to .9404. Main resistance is the .9574/76 trend and weekly level at .9617. Expect a .9521/11 to .9576 day.

**Position Strategy:** Currently 25% long at .9543/41 from last week. Add to 50% long at .9511 – stop on close under .9511. The target is .9762 June level.

